Agricultural credit and farm produce prices

191. SHRI VIJAY J. DARDA: Will the Minister of AGRICULTURE be pleased to state:

(a) in view of the categorical statement of the Prime Minister that concrete steps were being taken to address the problems of agricultural credit and farm produce prices, whether any modalities have been evolved to achieve this objective;

(b) if so, the details thereof;

(c) whether any monitoring mechanism has been established to keep a watch on the progress; and

(d) if so, the periodicity thereof?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA): (a) and (b) Yes, Sir. Details are annexed as Statement (*See* below).

(c) and (d) The progress in the implementation of measures announced by Government of India on 18th June, 2004 regarding doubling of flow of agricultural credit and farm debt relief measures are monitored on a monthly basis.

Statement

Details of modalities evolved to improve agricultural credit flow and farm produce prices

A. AGRICULTURAL CREDIT

Pursuant to the announcement made by the Finance Minister on 18th June, 2004 containing measures for improving agricultural credit flow and providing credit related relief to farmers, the banks have been advised as under:

I. Total flow of agricultural credit which is estimated at Rs. 80,000 crore in 2003-04 will be enhanced to about Rs. 105,000 crore in 2004-05. This will represent a 30 per cent increase over the flow of credit in the previous year.

II. Every effort will be made to enhance coverage of institutional credit, including through KCCs, in line with the higher goal for agricultural credit in 2004-05.

III. Commercial banks will make an effort to bring into their fold, on average, at least 100 new farmers at each rural and semi-rural branch during the current year. The goal is to enlarge the Universe of new farmers borrowing from banks by about 50 lakh.

IV. Each rural and semi-urban branch of commercial banks will take up at least two to three new investment projects in the area of plantation and horticulture, fisheries, organic farming, agro-processing, live stock, micro-irrigation, sprinkler irrigation, watershed management, village ponds development and other agricultural activities.

V. In every district, all commercial banks put together will finance 10 agro-clinics during the current year.

VI. In order to provide credit to tenant farmers and oral lessees, NABARD will facilitate formation and financing of self-help groups of tenant farmers and oral lessees during the current year.

VII. Scales of finance will be reviewed to meet the realistic credit needs of farmers, especially capital intensive agricultural operations.

VIII. Debt restructuring will be done by the commercial banks, RRBs and cooperatives under the following heads in accordance with the new guidelines issued by RBI/NABARD:

- Farmers in distress—Debts of farmers as on 31st March, 2004 in disricts declared as calamity-affected by the State Government concerned will be rescheduled/restructured. Interest outstanding in the accounts of such borrowers will be clubbed with the principal outstanding on March 31, 2004, and the amount thus arrived at shall be repayable over a period of five years, at current interest rates, including an initial moratorium of two years.

- Farmers in arrears—Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been categorized as sub-standard or doubtful will be rescheduled as per the guidelines issued by NABARD/RBI so that such farmers become eligible for fresh credit.
- OTS for small and marginal farmers—Guidelines for increasing the flexibility of banks and cooperatives to grant a one-time settlement (OTS) for small and marginal farmers who have been declared as defaulters and have become ineligible for fresh credit from lending institutions will be issued by RBI/NABARD. Management of banks and cooperatives will be advised to review cases where credit has been denied on the sole ground that a loan account was settled through compromise or write offs.
- In some parts of the country, farmers face acute distress because of the heavy burden of debt from non-institutional lenders (e.g., moneylenders). Banks have been permitted to advance loans to such farmers to provide them relief from indebtedness against appropriate collateral or group security.

B. FARM PRODUCE PRICES

For the crop year 2004-05, Minimum Support Prices (MSP) have been raised for all the crops except toria, tobacco and copra. Farmers are assured of the return on their investment because if prices fall down, the Government buys the entire surplus from the market at the declared Minimum Support Price.

Constitution of Expert Committee on Agricultural Commission

192. SHRI KARNENDU BHATTACHARJEE: Will the Minister of AGRICULTURE be pleased to state:

(a) whether Government propose to constitute an Expert Committee on Agricultural Commission to study agrarian crisis on account of scanty rain-fall in certain parts of the country and suggest measures to overcome it; and

(b) if so, the details thereof?